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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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Political Situation

1. Life in Yugoslavia is always conditioned by internal and foreign events. Last year when the pressure of the Soviet Satellites was at its peak, the main Yugoslav problem was to prosecute Cominformists. Strict measures against suspected Cominformists were undertaken and numerous arrests were made. Many individuals were interned in concentration camps merely for criticizing the economy or living standards. One of the better known concentration camps is Mermer, a desolate and uninhabited island south of the Island of Rab. The labor there was hard; an entire settlement was constructed. This included a modern hotel for the administrative staff and a detachment of guards. Many internees at Mermer died as a result of the hard work and severe treatment. This camp is reportedly organized along the same lines as concentration camps in Nazi Germany. Pre-war Communists were interned at Bilece, but recently this camp has been used again by the Yugoslav Government. Life in various concentration camps has allegedly been improved, with less hard labor and increased emphasis on political re-education. The Yugoslav authorities are apparently anxious to show the rest of the world that we now have a democracy in Yugoslavia. This, however, is still very meager.

25 YEAR RE-REVIEW

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2. Yugoslavia is apparently not taking steps for a rapprochement with the Soviet Union. Official speakers in Yugoslavia still continue to talk against the Soviet Union and the Yugoslav people hate the Soviet Union too much. The people fear the Soviet Union, but they also fear that the Yugoslav Government may revert to the situation which existed during 1948 in pre-revolutionary days.

Economic Conditions

3. Judging from all appearances, living conditions have improved [redacted] One can buy almost anything now, although prices are still excessive. Living is extremely difficult particularly for the white collar class and intellectuals, who receive the lowest salaries. The harvest helped a great deal; there was a good harvest in the Banat area and in Serbia, but not in Slovenia. Vineyards in Slovenia were damaged by frost, hence the area is practically without wine. The co-operatives received large shipments of grapes from Serbia, and even the peasants bought quantities of them. [redacted]

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4. On the one hand, commerce has been liberalized so that it is possible to make small earnings on the side. On the other hand, restrictions continue. It appears that economic regulations may intensify the grave economic situation. No one has been found capable of replacing the late Boris Kidric as President of the Federal Economic Council. Svetozar Vukmanovic-Tempo, who assumed Kidric's post, is regarded as incapable of mastering his job. Kidric is said to have destroyed everything and reconstructed again. In principle, Edvard Kardelj, Vice President of the Federal Executive Council, who is presently engaged in the planning of economic policy, is merely a theoretician. Everything is going downhill. Slovene demands are frequently ignored in favor of the Bosnians, Serbians and Macedonians. The latter groups get everything, but the Slovenes have to wait because "they are more papal than the Pope himself".
5. Last year, it seemed that things would improve with the establishment of workers' councils to manage factories and workshops and determine the distribution of profits. The Yugoslav authorities soon discovered the impossible situation of allowing the workers themselves to share the profits, so they have now ordered that all profits be deposited with the State Treasury. Last year it was possible to obtain foreign exchange for foreign travel and it was legal to obtain money drafts for the same. Now it is illegal to obtain such drafts. Any individual who is found to have such drafts in his possession is subject to fines and penalties. On the one hand, poor management eats up everything; on the other hand, heavy industry and the Army eat into our economy. The Army alone reportedly costs over 250 billion dinars per year; this year this expenditure may double.

Agricultural Situation

6. The agricultural situation in our country is very tragic. The Government refuses to understand that Yugoslavia is an agricultural country, and is converting everything into industry, thus bankrupting agriculture. The effect of this policy can be seen primarily in the processing cooperatives, which were established by force, and as a result of heavy taxation, the peasants were forced to join them. Finally, the

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Government realized that it could not force results, so it dissolved most of the cooperatives. This experiment was costly - farmers refused to work as they would have done normally for themselves and their families without a whip over them, inasmuch as they were merely employees working according to fixed schedule, a thing which does not make sense in our farming. Despite subsidies by the State and tax exemptions for cooperatives, the system did not work. Farmers, who because of heavy taxes imposed upon them, could not afford to modernize their equipment, as prescribed by Government decree, were forced to declare bankruptcy, and as a consequence there was a rapid decrease in overall agricultural production. The Government solved the problem by importing food which at one time was a matter of surplus and export.

7. The recent [] crisis caused people to buy large quantities of food items for hoarding. There have been queues in front of food stores, and fats and flour disappeared in a few days. The Government and the press initiated a campaign against hoarding. Sales employees in certain parts of Slovenia were imprisoned for overselling.

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8. The new law, which provides that no peasant may own more than 10 hectares of land, has resulted in poor economy. Some of the land has been taken from the peasants in order to be transferred to public estates. As a result, the soil will again be uncultivated and lost to the community. Settlers have been sent to some communities, but these individuals are not farmers and do not know how to till the soil. Farmers and peasants are losing all interest. The people are getting tired of the present situation and are hopefully waiting for a change in the system. However, the [] crisis brings home the increased hopelessness of the present situation.

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Attitude of Yugoslav People Toward West

9. The people in Yugoslavia have looked hopefully [] There has been constant talk that [] would help to bring more democracy to our country, but now when a new blow is being prepared against the tradespeople, all hope is again vanishing. At a recent public meeting in Zagreb, the tradespeople demonstrated by shouting that they would march to Markov Square, as the rebels did in the days of Matia Gubec.1

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10. Our police regime has made many concessions toward the West, but all this is turning into nothing now [] The influence of the West penetrated all public life including Communist Party membership in Yugoslavia, to such a degree that the Central Committee of the Party felt obliged to address an open letter to the working class with the aim of combating Western influence among the Communists. This open letter was studied in all Party meetings, and methods of halting this Western influence were discussed. Police measures have allegedly been taken against Western-oriented individuals, particularly against intellectuals and students. The Party appealed to the working class and youth organizations to help halt the spread of Western propaganda. The campaign was unsuccessful, even insofar as various decrees directed against the Catholic clergy were concerned. The Government insists that the clergy is in contact with [] Yugoslav Catholic emigres in the West.

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